

Economic Analysis

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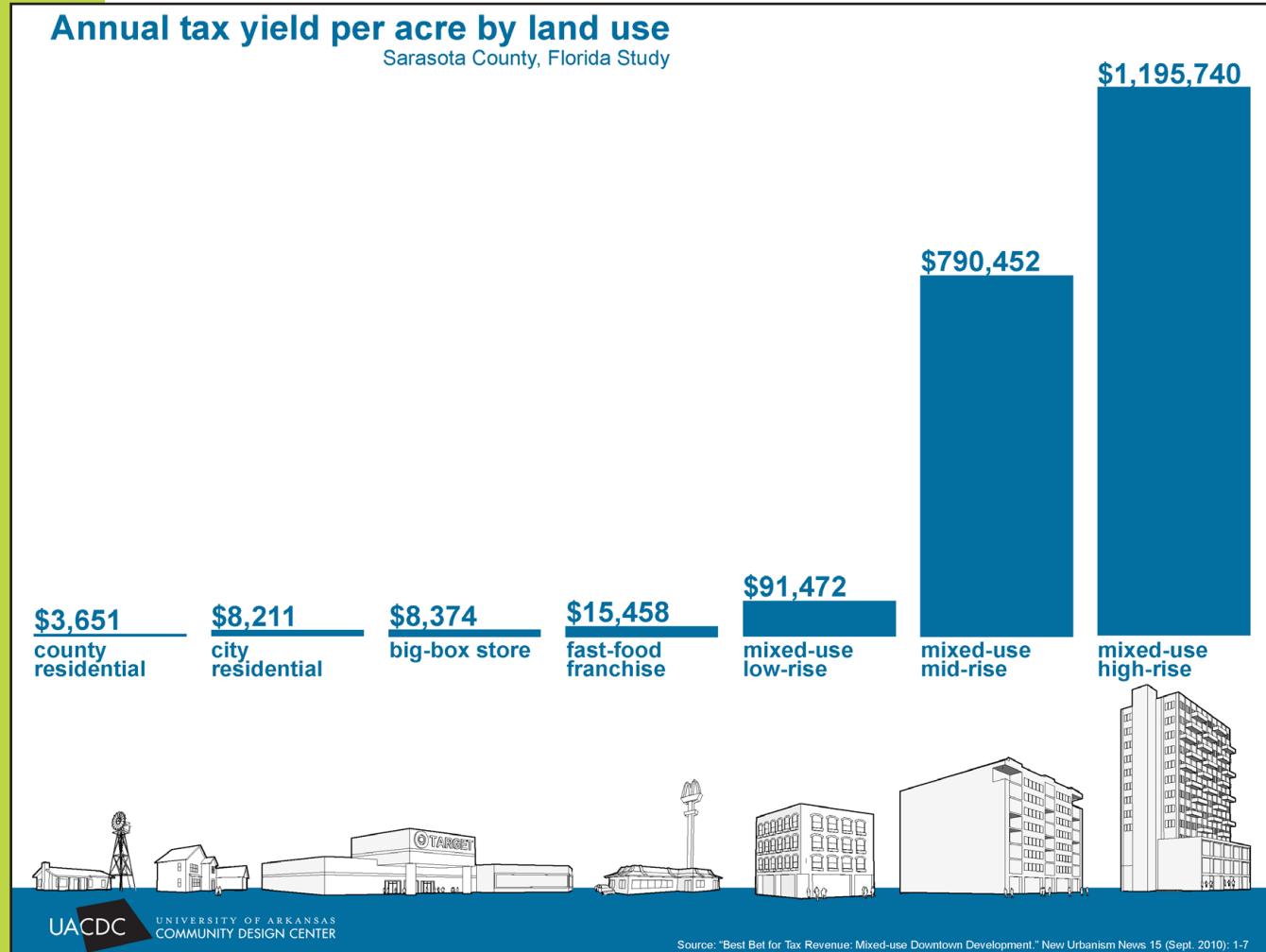


Image courtesy of University of Arkansas Community Design Center.

**CITY
PLAN
2030**

The Economics of the City Plan 2030

A review of the economic impact of growth pattern options shows that implementing the City Plan 2030 strategies will have positive effects on businesses and public services.

The economic impacts of development growth may vary widely and are closely associated with land use patterns. The strategic and long-range planning of infrastructure, land use, and the intensity and density of development will positively influence the economic vitality of business and public services.

GROWTH PATTERNS.

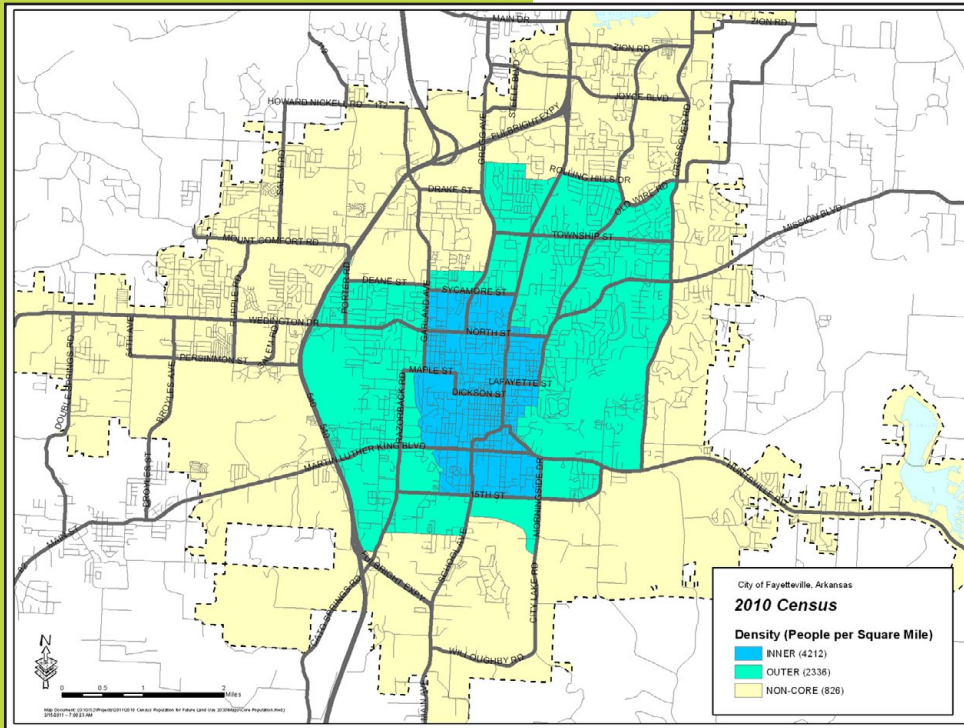
The original pattern on which the City was laid out was a compact plan, using gridded streets with the town square at the center. This pattern continued up until the middle of the twentieth century, as the City continued to grow. The development pattern in the years leading up to World War II was typically more compact and well connected; for the purpose of this analysis we called this area the Inner Core. In the post war years the City's dominant development pattern was auto oriented, often disconnected with rigid land use separations. Areas adjacent to the Inner Core, because of their close proximity, represent much of the development that occurred from the 1940's to the 1980's. We called this area the Outer Core. The rest of the City is designated as the Non-Core area.

POPULATION DENSITY AND DEVELOPMENT PATTERNS.

The Inner Core, Outer Core and Non-Core areas of the city were analyzed for population density. Using the 2010 U.S. Census information the Inner Core has a population density of 4,212 people per square mile. This translates to 6.6 people per gross acre with a current household size of 3.25 per gross acre. This is approximately the density of the Washington Willow neighborhood. The Outer Core area has a population density of 2,336 people per square mile, or 3.7 people per gross acre and 1.82 households per gross acre. The density of the Non-Core areas of the city is much lower at 521 people per square mile, or around 0.8 persons per gross acre which yields 0.4 households per gross acre.

The Inner Core is comprised of approximately 3.3 square miles. The Outer Core is 11.5 square miles and the Non-Core area of the City is 74.3 square miles.





Core Areas of Fayetteville



FUTURE GROWTH PROJECTIONS.

The Northwest Arkansas Region Planning Commission (NWARPC) estimates future population growth for the region using the latest U. S. Census Bureau data. Utilizing 2010 Census data the NWARPC estimates that Fayetteville will grow to a population of 110,725 by the year 2030. This will be an increase of an additional 37,145 people added to the existing 2010 population of 73,580. Planning and anticipating the location, form and function of land use and growth patterns enables the City and its existing residents to guide where this growth will occur. In repeated public input sessions for both City Plan 2025 and the City Plan 2030 update, residents have expressed their desire to accommodate this growth within the existing core and limit development sprawl on the edge. Infill, redevelopment and vertical development can easily accommodate the estimated future population within the core of the City.

DESIRED DEVELOPMENT PATTERNS TO ACCOMMODATE FUTURE POPULATION GROWTH.

The real estate crash of 2008 has had serious implications for the housing market and it will continue to impact future development patterns. Nationally, foreclosure rates have been especially high in the suburban fringe areas. Current real estate trends both locally and nationally show that people are rethinking how they prioritize home buying decision factors. Factors such as commute times or transportation costs are being weighed against typical suburban development features such as expansive private yard space or three car garages.

Generational housing preferences are also beginning to impact where and how future growth will occur. Both the Baby Boom and the Millennial generations are looking for mixed-use and walkable urban neighborhoods over single-use conventional suburban housing. Due to their large cohort size, these two generations will generally guide and determine the location and consumer housing preferences that will be built in the future. Fortunately, a lot of land within the core of the City remains undeveloped or underdeveloped. With infrastructure such as roads, utilities and expanding public open spaces in place, the inner and outer cores of the City have the most

potential for accommodating future growth in an efficient and livable manner if the underlying zoning regulations are permitted to change accordingly.

This future potential development pattern is similar to that of Fayetteville's historic and highly regarded neighborhoods such as the Wilson Park, Washington Willow or Walker Park neighborhoods that were built with a residential net density of 6 to 10 units per acre. The historic neighborhoods of Fayetteville share some common characteristics; highly connected street systems with small blocks, a mix of residential housing types, sizes and densities, close proximity to commercial and retail uses and accessibility to meaningful open space. These basic characteristics are essential in order for residents to perform some of their daily functions without the use of an automobile.

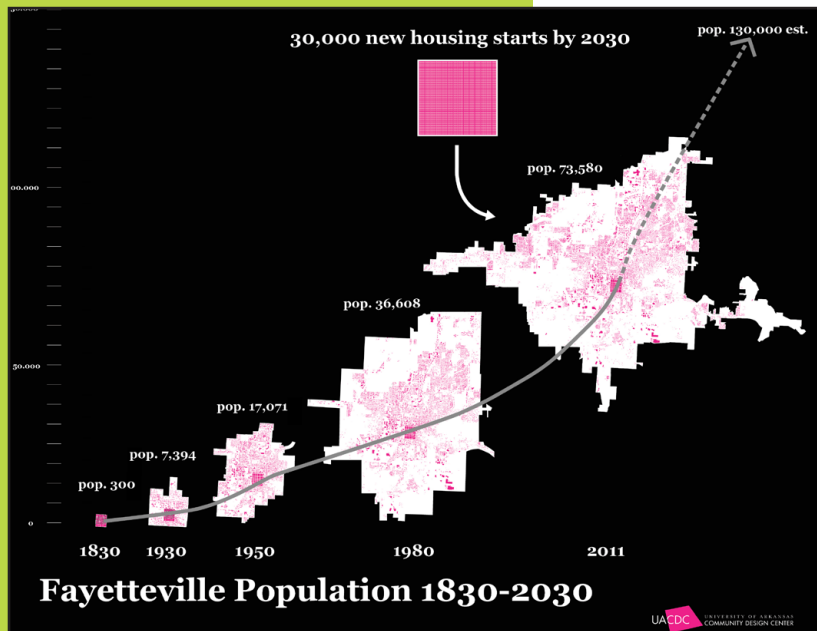
Strip development and high arterial traffic counts are not necessary to support retail and commercial activity if it is located in or adjacent to walkable neighborhoods of sufficient residential density. Closely clustered shops and services encourage walking by creating interesting destinations to meet people, and allow sufficient aggregations of retail and services to achieve economic utility for consumers. Auto trips per household decline as fewer car trips are necessary for everyday needs.

Perhaps the most important aspect of good neighborhood design is a rich variety of housing choices. The historic development pattern that exists downtown illustrates a robust diversity of housing stock. Located within a single block may be single-family homes, condominiums, multi-family apartments, duplexes, live-work units, accessory dwelling units and all other types of residential uses. This variety allows people to remain in the same neighborhood as their housing needs change over time. This concept of "age in place" is possible in neighborhoods that have highly walkable street networks and that contain a large variety of housing choices at residential densities supportive of retail uses and transit.

INEFFICIENCIES WITH CONVENTIONAL SUBURBAN DEVELOPMENT PATTERNS.

The trend towards efficient mixed use and walkable neighborhoods is encouraging because suburban development patterns are not sustainable. In suburban development patterns, low-density retail, employment and services are auto-oriented, resulting in more strip development and auto-oriented centers. The continuation of a suburban development pattern results in increased congestion because all activity undertaken outside the home will require car trips. Workforce housing is less likely to be built because the cost of land development and services per unit is higher in less dense development. Given the higher cost per unit, developers often





Fayetteville's growth over time.
Source: University of Arkansas
Community Design Center



must seek to maximize land profit by building larger units that may be beyond the means of local workers such as firefighters, teachers and police personnel.

Dispersed development also often yields a poor balance between tax revenue received versus cost of service provision. For instance, a more traditional development pattern at 7 units per net acre with units priced at \$180,000 will have a total value of \$1.26 million. At three units per net acre, with housing valued at \$300,000 per unit, total value would come to \$900,000. But the cost of services for seven units on the same net acre is lower on a per unit basis than for the three units. When multiplied over thousands of acres, this means that the cost of services in a lower density growth pattern is higher for a given change in population because many more acres are used: pipelines become longer, more road length is required, police and fire response is more expensive or requires extra facilities, etc. While revenue from sales tax would be the same in either scenario, given the average incomes and growth of 37,000 people, the cost to the City of providing roads and improvements for auto-oriented retail and services is higher even though the return in taxes is constant.

Options for seniors are not typically as good in dispersed development patterns. According to the National Association of Homebuilders, as people age they value proximity to retail services and medical facilities so that the use of the car is not an automatic necessity. As people live longer, a growing portion of the population will be unable to sustain an auto-oriented lifestyle.

ECONOMIC IMPACT ON FAYETTEVILLE SCHOOL DISTRICT.

One indicator of the economic effect on the school district is the balance of commercial property and residential property. Currently, the school district generally receives more net revenue from a commercial square foot than a residential square foot because commercial properties do not add school children to the system. The cap on reappraisal for commercial property is also 10 percent versus 5 percent for residential development. City Plan 2030 policy recommendations target commercial growth within the City boundaries by making complete neighborhoods the standard, ensuring that commercial development accompanies residential development.